

# 15Q - PENSION OBLIGATION BOND AMORTIZATION

## Operational Summary

### Agency Description:

To record the use of the County's investment account held by the Orange County Retirement System (OCERS) for normal and unfunded accrued actuarial liability (UAAL) costs.

In 1994 taxable Pension Obligation Bonds were sold to finance the County's UAAL obligation. The County deposited \$318.3 million in an investment account held by OCERS. The investment account is a part of the OCERS investment pool and as such earns the same rate of return.

The investment account was initially used to make annual payments to satisfy the County's UAAL obligation according to a 15-year amortization schedule in lieu of County cash contributions; however, in 1996 the County and OCERS concluded an agreement by which the UAAL is amortized

according to a 28-year schedule and the investment account is used to pay an annually declining portion of the County's normal cost obligation. Because of accumulated gains, it is anticipated that in FY 2001-2002, the investment account will pay 100% of the County's normal and unfunded liability costs.

Over the past five years, average the rate of return on the investment account has been higher than OCERS 8% assumed annual rate of return. The account balance (unaudited) as of December 31, 2000 was about \$272.8 million.

### At a Glance:

Total FY 2000-2001 Actual Expenditure + Encumbrance:	46,902,829
Total Final FY 2001-2002 Budget:	55,000,000
Percent of County General Fund:	N/A
Total Employees:	0.00

### Strategic Goals:

- Use of the County's investment account in the Orange County Employees Retirement System to mitigate cash contributions for normal and unfunded accrued actuarial pension costs.

### Fiscal Year 2000-01 Key Project Accomplishments:

- The County's investment account held by the Orange County Employees Retirement System was used to pay 100% of the FY 2000-2001 normal and unfunded liability costs; no out-of-pocket payment was made by the County's General Fund.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Continue to record use of the investment account in mitigation of out-of-pocket cash contributions from the County.

## Final Budget and History:

Sources and Uses	FY 1999-2000 Actual Exp/Rev <sup>(1)</sup>	FY 2000-2001 Final Budget	FY 2000-2001 Actual Exp/Rev <sup>(1)</sup>	FY 2001-2002 Final Budget	Change from FY 2000-2001 Actual	
					Amount	Percent
Total Revenues	44,763,713	64,557,813	56,122,152	30,000,000	(26,122,152)	(47)
Total Requirements	52,242,784	50,000,000	54,967,376	55,000,000	32,624	0
FBA	(23,557,813)	(14,557,813)	(31,036,884)	25,000,000	56,036,884	(181)

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2000-01 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: PENSION OBLIGATION BOND AMORTIZATION in the Appendix on page 557.